

Westports Holdings (WPRTS MK)

Addressing Congestions With Automation

Highlights

- **2025 global container volumes expected to revert to growth.** After months of uncertainty and negative expectations on container volume growth in 2Q25, the effective US import tariff averaged a palatable 18.2%. In essence, the tariff is able to dampen but not halt global trade. Alongside strong readings of 1H25 cargo front-loading, major forecasters' 2025 global container volume growth expectations are now aligned to WPRTS' low single-digit guidance. Maintain HOLD with a target price of RM5.55.
- **Yard congestion issues were a reason cited for WPRTS' market share loss** to as low as 15.4% among the Straits of Malacca (SOM) ports in 2Q25. This is the port's all-time low since 2013. Port of Tanjung Pelepas (PTP) continued to chart new breakthroughs in volume in the past few months and is now matching Port Klang's volume, as it benefits from Gemini's "hub-and-spoke" business model. However, Kuehne+Nagel (myKN) cited that volumes were diverted from Port Klang to Singapore because of yard congestion.
- Previously, WPRTS guided that yard utilisation eased from 95% in Jun 25 to 88% in Jul 25. In contrast, myKN's weekly reports show that Port Klang's yard utilisation remains at >90% except for mid-Aug 25 (85%) and mid-Sep 25 (88%). Despite having no medium-term capacity expansion, WPRTS is addressing the congestion via its ESG commitment to automation.

Analysis

- **Our 2025/26 volume growth assumption is retained at 4%/ 3.4%.** We note however, that trade activity is expected to ease towards end-25, with further moderation in 2026 to evaluate the full impact of the tariffs.
- **Yard congestion may likely extend till end-25.** Linerlytica's weekly global port congestion indicator still shows a sustained >2m TEUs (>7%) of global boxship fleet tied up in congestion. Alongside myKN, these indicators suggest a strong case for Westports Holdings (WPRTS) to remain congested in 2H25. In theory, its VAS should benefit from higher storage fees (by 3x). However, the revised tariff schedule and a 2026 port-wide off-peak haulage incentive programme are designed to reduce port congestion. The latter's incentive scheme was piloted from Aug 25, and offers monetary incentive for container movements executed during off-peak hours; importers/exporters who meet the 50% off-peak target will in addition receive free storage time

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	2,089	2,281	2,405	2,588	2,802
EBITDA	1,296	1,449	1,625	1,766	1,945
Operating profit	1,038	1,194	1,360	1,484	1,644
Net profit (rep./act.)	780	893	972	1,063	1,178
Net profit (adj.)	780	893	972	1,063	1,178
EPS	22.9	26.2	28.5	31.2	34.6
PE	24.5	21.3	19.6	17.9	16.2
P/B	5.4	5.0	4.7	4.4	5.4
EV/EBITDA	14.8	13.2	11.8	10.8	9.8
Dividend yield	3.0	3.5	3.8	4.1	4.6
Net margin	37.8	39.4	40.4	41.1	42.1
Net debt/(cash) to equity	7.7	7.8	6.3	9.9	50.0
Interest cover	31.1	26.0	12.8	13.0	13.1
ROE	28.2	30.5	31.7	33.1	42.3
Consensus net profit	-	-	935	1,080	1,165
UOBKH/Consensus (x)	-	-	1.04	0.98	1.00

Source: Westports, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM5.40
Target Price	RM5.55
Upside	+2.8%

Analyst(s)

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,420.0
Market cap (RMm)	18,481.0
Market cap (US\$m)	4,495
3-mth avg daily t'over (US\$m)	0.2

Price Performance (%)

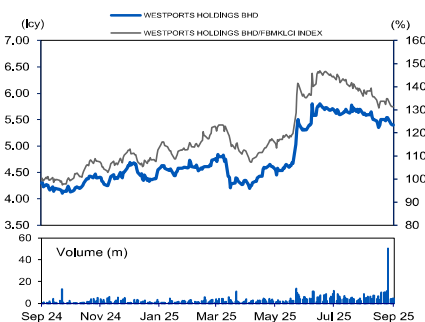
52-week high/low RM5.87/RM4.00

1mth	3mth	6mth	1yr	YTD
(5.1)	(6.9)	13.9	27.1	15.9

Major Shareholders

	%
Gnanalingam Family	45.5
SouthPort	23.6
EPF	5.4

Price Chart



Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEUs). WPRTS also offers value-added services (VAS)* supporting container handling, including storage, reefer, container freight, removal etc

- **Ports are seen as beneficiaries of the tariff-induced trade policies vulnerabilities.** In Drewry's Aug 25 Port Terminals Financial Insight, Drewry pointed out that the listed ports index outperformed the general market ytd. Sector EV/EBITDA climbed to 10.2x from 9.8x in Apr 25 ie Trump's Liberation Day. As of Aug 25, the average trading EV/EBITDA for a selected few ports was around 13-14x, or 8-12x as some of the Chinese ports were skewed at the higher end. This shows that global ports are beneficiaries of the tariff-induced trade policies vulnerabilities. Earlier, Drewry also pointed out that post' revenue/TEU expanded due to congestion-related ancillary income (storage) since the COVID-19 pandemic, but ytd, the revenue/TEU compressed slightly since 2024 on rising costs.

Valuation/Recommendation

- **Retain HOLD with an SOTP-based target price of RM5.55.** Premised on DCF until the 2070 horizon (ie partial WPRTS 2 expansion), this implies a 18x 2026F PE and 12x EV/EBITDA. We see a fair-risk reward, after accounting for WPRTS' defensive advantage to benefit from Malaysia's 19% reciprocal tariff from the US, the port tariff hike, and the developments of the CK Hutchison global port assets sale (including its stake in WPRTS) which was valued at 13.5x EV/EBITDA, a premium vs 8-12x EV/EBITDA of M&A multiples transactions in the container ports industry.
- **Assuming WPRTS' 2026 EV/EBITDA rises above the sector's historical average** ie at 13.5x EV/EBITDA, the implied target is RM6.40, although we do not recommend chasing after this trading range given the uncertainties of the CK Hutchison deal completion.

Earnings Revision/Risk

- **Risk.** WPRTS' high-yield gateway volume reached a peak of 4.9m TEUs in 2024, with part of the surge attributed to e-waste, and illegal cargoes like scrap iron and metal imports. These volumes are unsustainable, as Malaysia, being a signatory to the Basel Convention, continues to actively curtail illegal e-waste operations. While this is a step in the right direction, management is unable to guide the exact quantum of exposure and timing for the phase-out of these unsustainable cargoes.

Share Price Catalyst

- **Tariff may dampen, but does not halt global trades.** The effective US import tariff averaged 18.2% (ranging 10-50%, according to the Budget Lab), and came into effect for goods loaded from 7 Aug 25, or if entering the US after 5 Oct 25. Despite being at its highest level since 1930, the tariff is considered palatable. However, cargo front-loading in 1H25 was evident as US retailers had completed their shipments several months earlier than usual to mitigate the costs associated to Trump's dynamic tariff policies. Budget Lab estimated that the actual tariff payment in Aug 25 was far lower at 11.5%, due to a combination of front-loading, payment lags and tariff avoidance/evasion.
- **ASEAN's growth to accelerate alongside "China+1" strategy...** According to Alphaliner data, container carriers' intra-Asian capacity surged 12.8% yoy to nearly 2.4m TEU as of Aug 25. This was not only due to aggressive capacity expansion from Chinese carriers, but also Gemini Cooperation introducing significantly more regional shuttles in Asia, to cater to its "hub and spoke" concept. As Trump's policies reshape the global supply chain, uncertainties will persist on the relocation of overseas production lines, but so will the deepening of "China+1" strategy.
- **...evidenced by surging port calls.** Direct port calls from China to ASEAN had surged over the years. As a result, ASEAN economies are increasingly

Global container volume growth expectation (%)

Major Forecasters	As of May 2025	As of Sep 2025
Drewry	-1.0% for 2025	3.3% for 2025
Linerlytica	-1.1% for 2025	2.6/ 1.7% for 2025/2026
Maersk	-1% to 4% range	2% to 4% range
DHL	-1% for 2025	9% YTD*, Flat for 2025
IMF	2025F: 1.1%; 2026F: 2.5%	2025F: 2.6%; 2026F: 1.9%

*Note: For DHL, Jan-May 2025
Source: Bloomberg

SOM ports statistics

m TEUs	2Q24	3Q24	4Q24	1Q25	2Q25
Westports	2.73	2.70	2.87	2.69	2.88
Growth (%)	1.1	-2.5	0.0	0.7	5.5
Port Klang	3.66	3.74	3.78	3.53	3.80
Growth (%)	2.6	5.2	6.6	10.8	10.8
PTP	3.10	3.24	3.05	3.17	3.70
Growth (%)	17.0	21.3	7.9	11.1	19.3
PSA Singapore	10.28	10.47	10.41	10.55	11.17
Growth (%)	2.6	5.2	3.9	5.8	8.6
SOM*	17.04	17.46	17.24	17.25	18.66
Growth (%)	5.7	7.4	4.2	5.9	9.5
WPRTS market share (%)	16.0	15.5	16.6	15.6	15.4

Note: SOM combines Port Klang, Port of Tanjung Pelepas (PTP) and Port of Singapore (PSA)

Source: Westports, MOT, PSA Singapore, UOB Kay Hian

DCF valuation and target price

	Stage 1 (2024-54)	Stage 2 (2054-2070)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
DCF (RMm)	3,632.3	15,555.8
Risk Free Rate		5.0%
Beta (x)		0.9
Tax Rate		25%
Cost of Equity		8.6%
Cost of Debt		4.5%
WACC		7.6%
Enterprise Value (RMm)		19,188.2
- Net Debt, FY26F (RMm)		(258.2)
Target Price		5.55

Source: UOB Kay Hian

showing up on “made in” labels for goods bound for Western markets. Yet they remain heavily dependent on China for raw materials, components/technology and investment. Trump’s tariff policies “turbocharged” this trend in 2025. While direct port calls from China to the US also rose from Jan-Jul 2025, US container import volumes from China fell.

- **Taiwan containerships contributed 23% of Port Klang throughput.** Taiwan commands >10% market share in the global containership industry, but with a unique supply chain relationship due to its importance in the semiconductors and electronics business. The tariff opportunity may be a double-edged sword for Taiwan. Being China’s neighbour, Taiwan benefits from supply chain shifts away from China, but at the risk of facing increasing scrutiny over its China operations. The major Taiwan liners, ie Evergreen, Yang Ming, Wan Hai Lines and Interasia, collectively comprised nearly 3m TEUs (23%) of Port Klang’s volumes in 2024. Evergreen and Yang Ming are major liners for WPRTS, handling over >1.5m TEUs (>13%) of 2024 volumes.

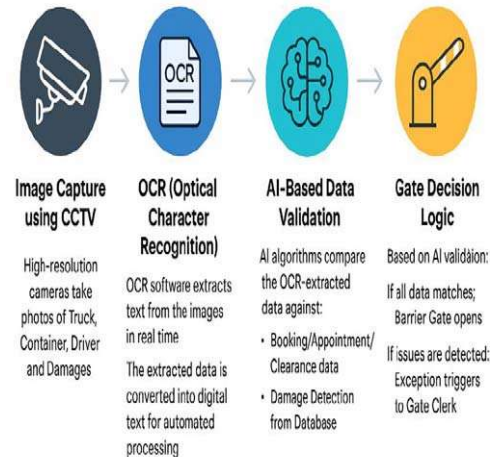
ESG update

- **Westports’ commitment to adopting automation.** On 17 Apr 25, WPRTS launched its state-of-the-art Automated Gate System (AGS). It is designed to enhance speed, security, and efficiency at the container entry points. Tests revealed that the AGS was able to cut processing time from 40-60 seconds (export) to <15 seconds (all). This underscores its commitment to digital transformation and sustainable port operations. This initiative is aligned to the relevant United Nation Sustainable Development Goals:
 - **Goal 8: Decent work and economic growth.** Automation boosts operational efficiency and reduce costs.
 - **Goal 9: Industry, innovation and infrastructure.** Foster innovation and modernisation of port operations
 - **Goal 11: Sustainable cities and communities.** Efficient cargo movement reduces congestion and emissions, and improves urban logistics
 - **Goal 12: Responsible consumption and production.** Reduces resource waste through automation and improving process accuracy
 - **Goal 13: Climate action.** Lower idle time for trucks and optimised cargo movement helps reduce greenhouse gas emissions

Features of AGS

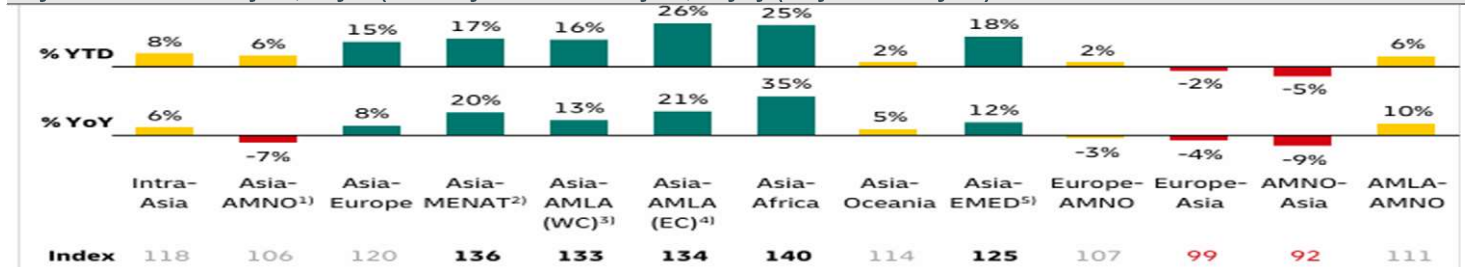
Integrates cutting-edge technologies including:

- Optical Character Recognition (OCR) for automated container number recognition,
- Real-time damage detection,
- Digitization of the gate entry process



Source: WPRTS

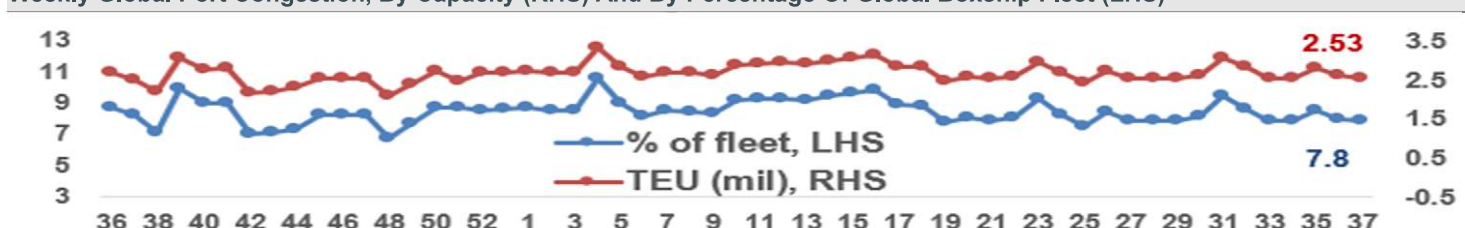
Key Trades As Of May 25, % ytd (Jan-May 25 vs Jan-May 24, % yoy (May 25 vs May 24)*



Source: Dalsey, Hillblom, and Lynn (DHL)

*Note: All indexed to average of 2023 volume

Weekly Global Port Congestion, By Capacity (RHS) And By Percentage Of Global Boxship Fleet (LHS)



Source: Linerlytica

*Note: Data shown is from the 36th week of 2024 to the 37th week of 2025

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	2,281	2,405	2,588	2,802
EBITDA	1,449	1,625	1,766	1,945
Deprec. & amort.	255	265	282	302
EBIT	1,139	1,249	1,365	1,513
Total other non-operating income	0	15	17	19
Associate contributions	(56)	(127)	(136)	(149)
Net interest income/(expense)	1,139	1,249	1,365	1,513
Pre-tax profit	(241)	(276)	(302)	(335)
Tax	0	0	0	0
Net profit	893	972	1,063	1,178
Net profit (adj.)	893	972	1,063	1,178

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	1,687	1,372	1,314	1,247
Other LT assets	4,733	5,053	5,467	5,870
Cash/ST investment	255	328	390	493
Other current assets	1,104	1,234	1,383	1,548
Total assets	7,778	7,986	8,554	9,158
ST debt	539	568	610	659
Other current liabilities	175	150	150	151
LT debt	905	1,002	1,299	1,595
Other LT liabilities	436	436	436	436
Shareholders' equity	3,818	4,072	4,351	4,659
Total liabilities & equity	7,778	7,986	8,554	9,158

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	1,291	1,234	1,345	1,482
Pre-tax profit	1,139	1,249	1,365	1,513
Tax	(167)	(276)	(302)	(335)
Deprec. & amort.	255	265	282	302
Associates	0	(15)	(17)	(19)
Working capital changes	46	12	17	20
Other operating cashflows				
Investing	(584)	(451)	(642)	(681)
Capex (growth)	(50)	(350)	(500)	(500)
Proceeds from sale of assets	(610)	(137)	(138)	(137)
Others	76	36	(4)	(44)
Financing	(514)	(618)	(579)	(664)
Dividend payments	(673)	(718)	(785)	(870)
Issue of shares	0	0	0	0
Proceeds from borrowings	355	341	447	446
Loan repayment	(175)	(150)	(150)	(150)
Others/interest paid	(20)	(91)	(91)	(91)
Net cash inflow (outflow)	194	165	124	137
Beginning cash & cash equivalent	535	729	894	1,018
Changes due to forex impact	52	0	0	0
Ending cash & cash equivalent	781	894	1,018	1,155

Key Metrics

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	63.5	67.6	68.2	69.4
Pre-tax margin	49.9	51.9	52.8	54.0
Net margin	30.5	31.7	33.1	35.0
ROA	14.8	15.8	16.5	17.4
ROE	30.4	31.7	33.1	35.0
Growth				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5

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